

25X1
3/21/84WEST GERMANY: GENERAL ECONOMIC DATA

Population (1982): 61.7 Million GDP (Purchaser's Value)/Capita: \$10,600

Total Output (Billion \$US - 1983 Exch Rate)	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983*</u>
GDP (Purchaser's Value - Current Prices)	581.9	604.3	625.7	653.0
GDP (Constant Prices - % Change by Year)	1.8	-0.2	-1.1	1.3
Cost-of-Living Index (1980 = 100)	100	106	111.5	114.8

West Germany has emerged from the economic slump that began in early 1980; real GNP expanded 1.3 percent last year and could grow 2.5 to 3 percent in 1984. Consumer spending -- which led the upswing in early 1983 -- has since slowed, but business confidence remains high. Private investment, after a big jump in first half 1983, remains strong and should be a major growth stimulant along with exports in 1984. 25X1

The upswing has not been strong enough to ease significantly the serious unemployment problem. In early 1984 unemployment stood at 2.2 million persons -- 8.8 percent of the labor force -- and probably will remain at that level throughout the year even given anticipated higher growth and a revival in the labor-intensive automotive and construction industries. 25X1

Inflation fell to around 3 percent in 1983, in part due to moderate wage settlements achieved last spring, and probably will be held to that rate this year as well. The current account surplus could reach \$5 billion, compared to \$3.3 billion last year, due to lower oil prices and a pickup in foreign sales. The chronic West German invisibles deficit could worsen slightly in 1984, after registering a slight improvement last year, largely because of a resurgence of foreign travel -- the largest expense item in the services account. 25X1

The government, led by Helmut Kohl, wants to reduce the role of government and encourage private enterprise. To ensure budget restraint in 1984, the ruling CDU-CSU coalition agreed that spending increases should be limited to 2 percent and borrowing should not exceed \$14 billion. To that end, the cabinet approved reductions in benefits for the unemployed and imposed a pay freeze for public sector employees through March 1985. The only real cloud on the horizon that would endanger the recovery, in the government's view, is labor's demand for a 35-hour week with full pay and the threat of strikes to press the issue. 25X1

<u>TRADE AND PAYMENTS (Billion \$US, BOP Basis)</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983*</u>
Exports of Goods and Services	236.1	220.2	221.2	215.9
Imports of Goods and Services	238.4	214.7	206.1	202.3
Balance of Goods and Services	-2.3	5.5	15.1	13.6
Current Account Balance	-15.9	-6.4	3.4	3.3
Long-Term Capital	2.7	3.8	-6.9	-3.2
Total Reserves Minus Gold (yearend)	48.6	43.7	44.8	42.7

* Preliminary

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